

**REPORT OF THE AUDIT OF THE
UNION COUNTY
SHERIFF**

**For The Period October 1, 2001
Through December 31, 2001**



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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Larry Joe Jenkins, Union County Judge/Executive
Honorable Mike Thompson, Union County Sheriff
Members of the Union County Fiscal Court

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Union County, Kentucky, for the period October 1, 2001 through December 31, 2001.

We engaged Carpenter, Mountjoy & Bressler, PSC to perform the financial audit of this statement. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC evaluated the Union County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
UNION COUNTY SHERIFF**

For The Period October 1, 2001 Through December 31, 2001

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE UNION COUNTY SHERIFF

For The Period October 1, 2001 Through December 31, 2001

Carpenter, Mountjoy & Bressler, PSC has completed the Union County Sheriff's audit for the period of October 1, 2001 through December 31, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The fiscal court received \$129,760 of excess fees.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

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Carpenter, Mountjoy & Bressler

Certified Public Accountants and Consultants

To the People of Kentucky

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Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Union County Kentucky, for the period of October 1, 2001 through December 31, 2001. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

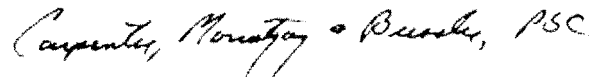
As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the period of October 1, 2001 through December 31, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton Governor
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Finance and Administration Cabinet
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In accordance with Government Auditing Standards, we have also issued our report dated August 23, 2002 on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carpenter, Mountjoy & Bressler, P.S.C.".

Carpenter, Mountjoy & Bressler, P.S.C..
Frankfort, Kentucky

Audit fieldwork completed -
August 23, 2002

UNION COUNTY
 MIKE THOMPSON, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

October 1, 2001 Through December 31, 2001

Receipts

State Grants		\$	3,415
State Fees For Services:			
Finance and Administration Cabinet	\$	1,151	
Cabinet For Human Resources		<u>380</u>	1,531
Circuit Court Clerk:			
Sheriff Security Service	\$	2,378	
Fines and Fees Collected		<u>3,621</u>	5,999
Fiscal Court			51,612
County Clerk - Delinquent Taxes			203
Commission On Taxes Collected			153,754
Fees Collected For Services:			
Auto Inspections	\$	1,415	
Serving Papers		<u>7,630</u>	9,045
Other:			
Carrying Concealed Deadly Weapon Permits	\$	660	
Miscellaneous		832	
Cash Drawer		<u>250</u>	1,742
Interest Earned			616
Borrowed Money:			
State Advancement			<u>4,612</u>
Total Receipts		\$	232,529

UNION COUNTY
 MIKE THOMPSON, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 October 1, 2001 Through December 31, 2001
 (Continued)

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Salaries	\$	51,910
Overtime Salaries		1,156

Contracted Services:

Vehicle Maintenance and Repair		487
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Materials and Supplies-

Office Materials and Supplies		863
Uniforms		2,133

Other Charges-

Postage		692
Bond		232
Jury Lunch		41
Training Services		644
Meal Reimbursement		84
Carrying Concealed Deadly Weapon Permits		440
House Bill 577 - Serving Papers		2,470
Miscellaneous		958
Cellular Phone		196
Dues		434
Ammunition		439
Cash Drawer		250
Gasoline		1,525

Debt Service:

Repayment of State Advancement (Note 5)		25,002
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Total Disbursements	\$	89,956
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Net Receipts		142,573
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Less Statutory Maximum		12,813
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Excess Fees	\$	129,760
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Payment to County Treasurer - March 8, 2001		129,760
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Balance Due at Completion of Audit	\$	0
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The accompanying notes are an integral part of the financial statement.

UNION COUNTY
NOTES TO FINANCIAL STATEMENT

October 1, 2001 Through December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Benefit contributions and provisions are established by statute. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent for the first six months of the year and the 16.28 percent for the last six months of the year.

UNION COUNTY
NOTES TO FINANCIAL STATEMENT
October 1, 2001 Through December 31, 2001
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for hazardous employees. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Drug Education Program Fund

The former Union County Sheriff maintained a Drug Fund for monies received from drug related arrests. The balance of the fund as of October 1, 2001 was \$3,754. During the period January 1, 2001 through December 31, 2001, receipts consisting of interest were \$10. There were no expenditures during that same time period. The balance as of December 31, 2001 was \$3,764.

Note 5. State Advancement

Mike Thompson, Union County Sheriff, repaid the state advancement totaling \$20,390 for James R. Girtten, former Union County Sheriff from revenues of the Sheriff's office.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Union County Sheriff for the period October 1, 2001 through December 31, 2001, and have issued our report thereon dated August 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Union County Sheriff's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Union County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

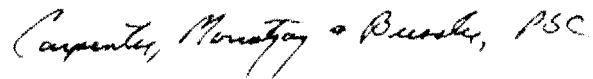
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, reading "Carpenter, Mountjoy & Bressler, PSC". The signature is written in a cursive, flowing style.

Carpenter, Mountjoy & Bressler, P.S.C.
Frankfort, Kentucky

Audit fieldwork completed -
August 23, 2002

